FACTORS INFLUENCING STAFF TURNOVER IN MICRO FINANCE INSTITUTIONS IN EMBU COUNTY. A CASE OF BIMAS KENYA LIMITED

BY

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ODL-BML/5/00210/1/2015

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT FOR THE AWARD OF A DEGREE IN MANAGEMENT AND LEADERSHIP IN MANAGEMENT UNIVERSITY OF AFRICA

SEPTEMBER, 2017
DECLARATION

This research project is my original work and has not been presented to any other institution. No part of this research should be reproduced without the authors’ consent.

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DEDICATION

I would like to dedicate this research project to my mother and my son who have supported me immensely throughout this research process.
ACKNOWLEDGEMENT

I wish to thank God almighty for the gift of life and strength to go through the entire course and in particular this research thesis. I am grateful to my supervisor Ms. Juster Nyaga who professionally and skillfully supported me in this research thesis. The management of BIMAS assisted and allowed me to carry the research in their offices, much appreciation. My sincere gratitude also goes to the management and lecturers of MUA for their patience and efforts to guide me through the course.
# TABLE OF CONTENT

- DECLARATION ......................................................................................................................... i
- DEDICATION ............................................................................................................................ ii
- ACKNOWLEDGEMENT .............................................................................................................. iii
- TABLE OF CONTENT ................................................................................................................. iv
- LIST OF ABBREVIATION .......................................................................................................... ix
- ABSTRACT ................................................................................................................................. x
- **CHAPTER ONE** ...................................................................................................................... 1
  - 1.0 Introduction ......................................................................................................................... 1
  - 1.1 Background of the study ..................................................................................................... 1
  - 1.2 Statement of the Problem ................................................................................................... 4
  - 1.3 Research Objectives ............................................................................................................ 5
    - 1.3.1 General Objective ......................................................................................................... 5
    - 1.3.2 Specific Objectives ....................................................................................................... 5
  - 1.5 Research Questions ............................................................................................................. 5
  - 1.6 Significance of the study .................................................................................................... 5
  - 1.7 Limitations of the study ..................................................................................................... 6
  - 1.8 Scope of the research .......................................................................................................... 6
- **CHAPTER TWO** ..................................................................................................................... 7
- LITERATURE REVIEW ............................................................................................................... 7
  - 2.1 Introduction ......................................................................................................................... 7
  - 2.2 Theoretical Framework ...................................................................................................... 7
    - 2.2.1 Theory of Vacational Choice ......................................................................................... 7
    - 2.2.2 Hersberg’s Two-factor Theory ..................................................................................... 8
    - 2.2.3 Krumbolt’s Social Learning of Career Selection .......................................................... 8
4.1 Age of the workers.................................................................................................................. 27

4.2 Skills and knowledge of respondents ..................................................................................... 29

4.3 Effects of Remuneration on Employees’ Turnover .................................................................. 30
Table 4.4: Extent to which remuneration affects employees’ turnover in Bimas Ltd ......................... 32

4.5 Impacts of working Conditions on labour turnover ................................................................. 33

4.7 Opportunity for Career Development ....................................................................................... 36

4.8 Effects of Employee Motivation on Labour turnover ............................................................... 37

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS ...................................................... 40

5.1 Introduction .............................................................................................................................. 40

5.2 Summary of Findings .............................................................................................................. 40

5.3 Conclusion ............................................................................................................................... 42

5.5 Further studies ........................................................................................................................ 43

REFERENCES ............................................................................................................................ 44
LIST OF TABLES

Table 3.1: The target population……………………………………………………………………………17
Table 3.2: The sample size …………………………………………………………………………………18
Table 4.1: Age of Respondents …………………………………………………………………………21
Table 4.2: Education of respondents …………………………………………………………………22
Table 4.3: Remuneration affects employees’ turnover ……………………………………………23
Table 4.4: Extent to which remuneration affects employees’ turnover ……………………24
Table 4.5: Working conditions affect employee turnover……………………………………25
Table 4.6: Extent to which working conditions affects employee turnover …………………26
Table 4.7: Opportunities for career development affect employees’ turnover …………27
Table 4.8: Working conditions influences employee turnover ……………………………28
LIST OF FIGURES

Figure 2.1: Conceptual Framework ......................................................... ..... 16

Figure 4.1: Age of Respondents .............................................................. 22

Figure 4.2: Education of respondents ..................................................... 23

Figure 4.3: Remuneration affects employees’ turnover ............................. 24

Figure 4.4: Extent to which remuneration affects employees’ turnover ........ 25

Figure 4.5: Working conditions affect employee turnover ........................ 26

Figure 4.6: Extent to which working conditions affects employee turnover ....... 27

Figure 4.7: Opportunities for career development affect employees’ turnover ... 28

Figure 4.8: Working conditions influences employee turnover .................... 29
LIST OF ABBREVIATION

MUA : MANAGEMENT UNIVERSITY OF AFRICA

HRM : HUMAN RESOURCE MANAGEMENT
ABSTRACT

This study was undertaken to investigate the factors influencing staff turnover in micro finance institutions in Embu County a case of Bimas Kenya Ltd. The specific objectives included; to determine whether implementation of remuneration affects the staff turnover in Bimas kenya ltd.; to establish whether working conditions affects the staff turnover in Bimas Kenya ltd.; to determine whether career development policies affects the staff turnover in Bimas Kenya ltd.; to establish how employee motivation influences employee turnover in Bimas Kenya ltd. The research scope of study is Bimas Kenya Ltd where the headquarters are in Embu town. Qualitative and quantitative research design applying purposive, stratified and simple random sampling techniques to achieve the desired respondents. The finding proved that renumeration, working conditions, career development and employee motivation were having a major effect on the labour turnover therefore Bimas Ltd was recommended to improve on the policies concerning remuneration, working conditions, career development and employee motivation.
CHAPTER ONE
INTRODUCTION

1.0 Introduction

The chapter entails the background of the study, statement of the problem, research objective, research questions, significance of the study and scope of the study.

1.1 Background of the study

BIMAS Kenya Limited is a micro finance institution in Kenya with its headquarters at Embu Town, the micro finance deals with the following products; agricultural loans, asset financing, education loan, dairy loan, solar loan, Nyumba Poa Loan, Boda boda loan and insurance products. The institution has been having a high labour turn over hence the need for research. Turnover problem in an organization makes the management decide whether to adopt targeted retention initiatives for employees in an organisation (Hogarth and Dean, 2008). There are a variety of factors that play a role in the employee turnover and affects both the employer and the employees. Remuneration, working conditions, career development and motivation are some of the factors that play a significant role in employee turnover. Since employee turnover rate is an expensive affair for a company therefore it is of big interest to the company, (Beam, 2009).

The reasons employees are leaving job maybe because of; demoralization, negative public relations, personnel costs, strategic opportunity cost, operational disruption and decreased social integration. (Phillips & Connell, 2003).The common reason employees are leaving jobs it is because of low salary scales, hence leave the old jobs for new job for a better pay. The ones
taking up the lowly paying jobs in the first place later on search for better paying jobs. It was noted the workers in the organization normally leave the organization because of low renumeration, poor working conditions, poor career development and low motivation, (Rampur, 2009).

Unequalness and unstandardness in various activities at work is seen differences in pay levels. Unfairness in treatment of staff and in remuneration makes the employees dissatisfied to a point of looking for greener pasture where he can get equal treatment, hence unequal and standard procedures in the organization causes labour turnover in the organization. (Scarpello and Carraher, 2008).

According to Laser, (2008), employees majorly leave job because of payment schedules given by institutions. This being a major reason for leaving jobs, it is sometimes used by some employees as a form of excuse when leaving a particular jobs. When employees give an excuse on matters concerning payments, it is seen as a genuine reason why the individual is leaving the employment even if there are other reasons behind him leaving that particular job. The employees find a risk in giving genuine reasons for leaving the employment to receive a good reference at a later date in their new place of work, (Scarpello and Carraher, 2008).

Employees are leaving jobs because of being denied benefits by the institution they are working for. Another reason employees would be leaving employment is because of lack of opportunity for career development hence the employees will prefer companies that will offer opportunities for career development, provide higher positions and increased compensation packages, (Vilma and Egle, 2007)
According to Zografos, (2003), his view was that if the employees in the organization are not leaving employment, it means the management goals are achieved well hence the management should focus on the reason of maintain the employees and continue to invest more on them and improve them. Turnover rates in the organization are important as they help to strategise on the management of high labour turnover. According to Pires (2006), there are various ways a company can reduce turnover of them includes the institution hiring the right individuals for the work hence the organization has to invest in the right way or technique of hiring employees so as to get the best fit candidates for the job. This ways mainly help in the maintaining the employees at work. Jobs should be well described so as to attract the right candidates for the job to avoid unsatisfied employees who keep on changing jobs.

The management should develop competitive remuneration and benefit package. The management should offer payment packages in relation to other companies in the industry so as to remain competitive in the market and ensure there is retention of the staff at work. The employee at work should have challenging task to make them feel as if they are growing personally and professionally in case of attainment assignments. The management of the institution should also ensure that supervisory mode is excellent because incompetent supervisors are linked to employee turnover, (Mangel and Useem, 2000). The employee in the institution normally feel a sense of pride and success when their expectations are met, get a good payment package, have an employee friendly work environment and be accommodative. The management should create opportunities for the career progression
for their staff since this normally leads satisfaction and stability of employment standards, (Pires, 2009)

1.1 Profile of the company

BIMAS Kenya Limited is a micro finance institution in Kenya with its headquarters at Embu Town, the micro finance deals with the following products; agricultural loans, asset financing, education loan, dairy loan, solar loan, Nyumba Poa Loan, Boda boda loan and insurance products.

1.2 Statement of the Problem

The efficiency and success of an organization depends mainly on its capacity to retain its employees (Rampur, 2009). High staff turnover may result in an organization not being able to meet its objectives, loss of business of millions of shillings, loss of customers and it can also spoil the good reputation of an organization. However, it has been observed that there has been a challenge on retention of employees in many organizations.

In the BIMAS Kenya Ltd., there have been incidences where the employees are resigning in large numbers month on month, at times jumping from one institution to another within the same industry, which results in high cost of undertaking frequent recruitments and training sessions and loss of valuable time to focus on customers. Recruitment, selection and training are a very expensive exercise for any organization, and therefore staff retention should be key for organization’s survival.
1.3 Research Objectives

1.3.1 General Objective

To investigate factors influencing staff turnover in BIMAS Kenya Limited.

1.3.2 Specific Objectives

i. To establish how remuneration affects the staff turnover in BIMAS Kenya Ltd.

ii. To establish the working conditions that affect the staff turnover in BIMAS Kenya Ltd.

iii. To determine the career development that affects the staff turnover in BIMAS Kenya Ltd.

iv. To determine how employee motivation influences employee turnover in BIMAS Kenya Ltd.

1.5 Research Questions

i. Does remuneration affects the staff turnover in BIMAS Kenya Ltd?

ii. Does working conditions affect the staff turnover in BIMAS Kenya Ltd?

iii. Does career development affect the staff turnover in BIMAS Kenya Ltd.?

iv. Does employee motivation influences employee turnover in BIMAS Kenya Ltd?

1.6 Significance of the study

Findings of this study benefited management of BIMAS Kenya Ltd. to come up with strategic interventions that would improve staffing levels.
1.6.1 Top Management

The study was of great importance to the top management in coming up with strategies to deal with what is perhaps the number one issue facing the human capital management field, being employee retention.

1.6.2 Human Resource Department

The research influenced review of human resource policies currently and in the future. The study information assisted in identifying motivational gaps and demonstrates ways of mitigation. As a result of the findings the BIMAS Kenya Ltd will work towards improving employee satisfaction by meeting their needs and therefore improved performance.

1.6.3 Scholars

The findings of the study was of great importance to future scholar and academician as it formed the basis for future research in the area of employee turnover.

1.7 Limitations of the study

The major limitations for this research was non response of respondent to the questionnaires provided and other giving incomplete data.

1.8 Scope of the research

This research aimed at determining the factors affecting employee’s turnover in BIMAS ltd Kenya in Embu since the headquarters are based in Embu for the period February to July 2017.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter discusses the theories of the research, past studies literature and the conceptual framework in relation to the variables under study.

2.2 Theoretical Framework

The study set supportive arguments from the following theory which includes theory of vocational choice, Herberg’s two factor theory Krumbeits social, models of behaviour and need Hierarchy theory.

2.2.1 Theory of Vocational Choice

The Theory realized that people prefer jobs which have people who are like them. Therefore the environment in which the individual is working in determines his satisfaction in the job he is in, if he is an area of the people who are not like him will have a hard time at work and will become dissatisfied with the job therefore the behavior of individuals is determined by the environment he is in.
2.2.2 Hersberg’s Two-factor Theory

Hersberg conducted research using questionnaires and interviews with an aim of discovering reasons why employees “loved” or “hated” their employers. He identified several factors which he classified into satisfiers and dissatisfies.

The Satisfiers represent factors that make employees love their employers and which make them perform better. These factors include recognition, better pay, achievement, prospect of promotion, favorable working conditions, attainable performance target and clear duties and responsibilities.

The Dissatisfies are factors that make employees dislike their employers and they lead to poor performance. These factors include unfavorable working conditions, types of leadership demonstrated by the management (harsh leadership), unattainable performance target, low wages and salaries and poor feedback from the top management.

In the twenty-first century, psychologists have tended to settle upon a typology of four human needs: security, community, to feel competent and to be autonomous and authentic: These four needs are not in any order of priority. A shortfall in any one area would tend to create discomfort and therefore prompt action – consciously or unconsciously.

2.2.3 Krumbolt’s Social Learning of Career Selection

Ruhland (2003) as cited by (Ramzan, 2013) also cites Krumbolts social learning theory of career selection, which propounds that factors like genetic endowment and special abilities, environmental conditions and events, learning and experiences and task approach skills explain
why individuals change occupations throughout their lives. The theory observes that attitude people develop as a result of socialization with others will determine how they perceive objects. As they socialize with others and learn they develop attitudes and perceptions. Socialization is a powerful process that influences individual development both physically and mentally. Putting the process; skills norms and social attitudes are imparted. This occurs through interaction and much of it is unconscious and non-deliberate. This interaction occurs in the family and among peers. Thus in workplace employees will determine to change environments through interaction with peers, which leads to development of new attitudes, skills and norms.

2.2.4 Models of Behaviour

Theory x and y (MC Gregor) Macret Gregor developed a theory of two opposed views about employees behaviour related to Maslow category of needs and considered their implications for management and motivation.

Theory X assumes that the average human being dislikes work and will avoid it if possible wishes to avoid responsibility which has related little ambition and wants security above all. Therefore most people have to be controlled, directed and threatened with punishment to get them put adequate effects towards the achievements of organizations objective, motivation and management base on. Theory X is characterized by the carrot and stick approach of pay and other incentives together with punishment and control.

Theory Y explain the expenditure of physical and mental effort in work is as natural as ply or rest and the average human beings learn under the proper conditions not only to accept but seek responsibility. Theory Y entails at viewing the employees in the organization positively and as people who are positive towards work and willing to work and willing to learn new skills and
techniques for the work. The theory also states the employees are self-directed, have self-control and are objective towards the goals of the organization. The management creates conditions which employees are trusted and can take use of their responsibilities and the overall objectives of the company. This put emphasis on self-motivation and direction.

Theory Z according to William theory argued that participation is a crucial motivator. Employees should participate in groups and enter into consultation with the management to sort out problem and put forwards ideas. William took the idea of quality circle and developed it for beyond concern for the quality goods and services produce by the organization. He said that the circles should be a forum for employees and way in which employees could be ready to influence the running of the organization. He concluded that participating employees would be well motivated employees.

2.3 Empirical Literature

2.3.1 Work Environment

Conducive and safe environment encourages better performance of the employees. Organization must thus provide safe working environment and safety equipment in the workplace. Major organizations are being faced with the challenge of high labour turnover which normally have negative consequences to the organization. Even if the organization is big and multinational in nature and is faced with labour turnover, it is going to have challenges like loss in productivity, low market share and declining customer number which in the long run becomes expensive for the firm as it eventually experiences losses. The quality of products and the services is affected negatively by labour turnover, (Choi, Lee, Wan, & Ahmad, 2012).
According to Jane, Namusonge, & Mike (2012) revealed that leadership in organization contributed heavily in labour turnover in an organization. High labour turnover is contributed by poor leadership styles or unfavorable leadership practices like dictatorial leadership. Employee being an asset in the organization should be lead using the sound leadership style available to reduce labour turnover and also increase the productivity of the firm as well as the profitability of the firm. The right leadership forms as the basis for motivating employees in the organization leading to accomplishment of the firms objectives and reducing the labour turnover rate. Workers concern was considered as little range of practices potentially saving different interests. Work performance was either direct or indirect. It can be categorized into two old forms and recent forms, recent forms focuses on the individual issues while old focuses on the organization targets. The recent form approved on the benefit of improving human resource power through motivations in form of rewards and encouraging the workers performance which gives them the morale even to work better. Wilson and peel (1990) found the sections which discouraged great performance. Other individuals also came up with new ways of improving on these, these includes enhancing team work in an organization to bring many minds together to help in good decision making and submission of good suggestions. Greenfield(2004).
2.3.2 Remuneration

According to Herbert, Donald, John and Lee, (2000), realized that employees payment packages determines the turnover rates as each employee is directly motivated by pay levels at workplace. High payment levels at work is a form of motivating employees hence they will be more retained at work as compared to low payment levels at work, since the lowly paid workers will tend to look for alternative form of employment in search for a better pay.

Pay systems form the basis for the retention of workers where the systems is characterized by fairness and equalness the workers will be retained but in organizations characterized by unfairness in the payment systems is bound by high labour turnover. The payment system to be much fair as possible should be in with job performance appraisal where the well performing individuals will be handed better payments hence motivating them to do much better and retaining them. The payment levels determines the satisfaction levels of the individual where unsatisfied employees tend to leave jobs hence high labour turnover.

The main reason employees take up jobs is to be able to earn a daily bread hence jobs are a source of income for employees. Job are a primary source of earning for some individuals hence the level of payment for an individual is of great concern to the employee. If the employee gets a lowly and high paying job will definitely go for a high paying job therefore the management should ensure a good payment level of payment to retain the employees since a well paid worker is normally a motivated worker who is satisfied with his work and employer, Noe & Gerhet, 2003).
Clarence and Alex, (2004), realized better performing jobs are expected to pay a better pay as the workers feel as if they are doing better for the company and hence need to be compensated for the job well done. Well performing jobs normally use skilled personnel who are supposed to compensate accordingly to ensure they are maintained at work place, therefore merit pay reduced labour turnover at work place. According to Gedefaw, (2012) arrived at the conclusion that the teachers were dissatisfied at work because of their low payment.

Pay for performance can improve employee retention by linking compensation to performance and providing a motivational tool for workers to continue working even better and to stay with the organization. This system may also have a secondary benefit. Those employees who are not performing at high levels will feel discouraged and may very well leave the organization. Or they may see the value of improving their performance to gain additional pay. Both of these outcomes can result in a stronger work force with better performing individuals. In effect, the pay for performance system may help the firm clean house.

Less effective compensation systems may create higher levels of turnover. If top performing workers do not think that they are being fairly compensate, they are likely to leave. The consequences is not just higher turnover, but the loss of talented workers who needed to meet the organizations’ objectives. Thus, the firm may be left with only the poorer performing workers, which will also negatively impact performance. Fair compensation is a reflection of the employees perceived value to the organization. That is, people believe the pay they receive is a message from the organization about how valued they are. If they are recognized, they are more
likely to remain with the firm. The benefits offered by the firm as part of the total compensation package also influence the retention of employees. Providing benefits that are of value to the employee will also make them more likely to remain.

2.3.3 Incentives Schedules

Incentives are essential in any organization for the employees as it helps improve on the skills of the individuals hence leading to increased motivation of the workers and the eventually increased productivity of the firm. The increased motivation of the workers reduces the labour turnover (Sexton & Adelaide, 1987). Trained workers are the backbone of the firm as they ensure the objectives of the firm are achieved. Saxton and Adelaide (1987) revealed that trained employees led to increased organizational performance and reduced labour turnover.

Training and development of human resource helps increase the knowledge and skills of workers in carrying out their duties. Therefore organization are investing a lot of money in training and development of workers.

Frank (2011) revealed that employees who under go quality training and development programmes develop better techniques for achieving organization’s goals and objectives hence better profitability. In Frank (2011) study, found out that Kenya Sugar Factory raised its productivity level to 16% due to good training development. Various training methods are a major contributor to high labour turnover. Inadequate training and development methods given to employees normally leads to poor motivation to the employees hence job dissatisfaction. Therefore, poor training in employees normally contribute to high labour turnover. Employees normally leave their employment regardless of their position and title due.
The management that lacks good human resource management is the main reason why employees leave jobs since they are normally dissatisfied. David, Mark and Ben (2006) revealed in their research that 70% of employees that leave employment normally have their own styles. They realized that some managers in certain fields like medicine and engineering normally manage without further training or knowledge of human resource has led to employee dissatisfaction leading to high labour turnover (David, Mark & Ben, 2006).

In the modern management, the employees are a major asset to the organization in achieving major objectives of the business. The management is spending their resources, that is money and time in training and development programmes for their employees to empower them. The investment in the employees’ skills makes them more satisfied and avoid leaving work. Training and development provide better employees who have skills that ensure that the organization productivity and performance in improved as well as an increase of the profitability of the organization. After a new worker is employed is supposed to meet the standards of the organization. No one has the job until they apply and called for an interview, after the interview the firm is able to have a choice on the best worker to choose. If one does not have the knowledge on what to do they normally go for training to earn the required skills. A good firm is that hires and trains its new workers in order to increase its performance, the firm will compete absolutely very well with other firms which are doing better. Not only should the firm focus on its workers but also give a could working environment to its workers, a good working environment includes use of advanced technology, motivation and good communication skills. When the firm improves its new working system definitely there is an increase production and organization fame. Another incentive include motivation, workers can be motivated in different
ways such as rewards, increase their salaries, trips, associating in their welfares and organizing for seminars. Through motivations the workers morale is increased hence increasing their performance.

An example of development is the problem of technical versus managerial expertise allowing for promotion of both and not creating dead-end jobs. One answer is to develop dual careers paths allowing both groups promotional and development opportunities. Many industries have used this procedure and is now quiet common in information technology (IT) departments. By creating two career development paths-one by the traditional route of assuming management responsibilities and other by moving up a technical route of assuming management- this helps to cut turnover while building more efficient IT group Training is the means to improve the effectiveness of employees both managers and workers in their present jobs and to prepare them for promotion to positions with greater responsibility. The following three step approaches may be adopted to identify the training needs of any organization:

Every organization exists to accomplish certain goals. These are expressed in the organization’s mission statement. Therefore the management should ask themselves what the organization goals are and how well they are being achieved. This will give an indication on what needs to be done for them to be achieved. This is observing and knowing jobs, their duties and responsibilities, the qualifications to get certain jobs list down the jobs and think of the required skills, if there are no skills go for training in order to meet the standard. Having known behavior required to perform a particular task, the next step is to find out whether your employees have those behaviours. Once you are certain that the employees are not performing due to lack of skill, knowledge and ability,
the desired training is organized. However the interest of the worker should be taken into consideration. The trained workers are given their duties to accomplish while the non-skilled are trained until they acquire the necessary skills to accomplish certain duties that will be given to them by their employers. Working includes being given machines to operate smoothly so these requires skills and knowledge. After work is being its normally gets submitted to the boss or the respective supervisors to approve if the work is well done. The ones being trained also goes the same procedure after they learn the needed skills to perform the work. The way an employee does the task given portrays a specific image on the boss mind so there is need for supervision.

2.3.4 Employee Motivation

Motivation is what workers need from their bosses after performing well in the firm, it enables the workers to reach high. Motivation will lead to more increased level of productivity and profitability. Employees who do not attain their outcomes as desired are normally demotivated. Motivation is first normally created in the mind, where one analyses the situation affecting him (Ebrahim and Wachtel, 1995). Motivation normally affected by the perception, personality of an employee where his behavior is influenced basing on the information he receives from people in the firm (Luthans, 1998).

Vroom (1994) indicated that workers are normally motivated by how much they want something done and whether it has been achieved. They suggested that employees are motivated by various factors including them a good pay and benefits. This factors normally contribute to motivated workforce that is willing to work positively for the organization towards achieving the organization goals and objectives. Employees who are appreciated at work and treated fairly are normally well motivated for the work. Opportunities for advancement increase organization
performance by attracting and retaining high performing employees and also reduce the labour turnover rate.

Burney et el (1991) besides the actual skill as a measure of employees performance, motivation levels in the organization normally play a major role in the their performances. Motivation is normally regarded as inner drive and positive gain to the employees in the management. Dessier and Harrington (2003) realized in their research that skilled employees are motivated set of employees who will work towards achieving the goals of the organization therefore the firm should strive at motivating its employees so as to reduce the labour turnover.

High turnover levels can also negatively influence the remaining work force. Morale may plummet and stress levels may rise as workers take up the slack for the departing employees. Morale also suffers when employees who are intergral to the work force leave a firm. Coworkers then worry about completing their own work. The loss of a popular employee also makes remaining employees wonder if they’ve missed important signs. A stampede of employees can results known as the domino effect.

2.3.3 Job Satisfaction

Job satisfaction is an employees attitude towards the job given by the institute. Employees that have a high level of the satisfaction at work have low labour turnover rates hence the employer should to keep up with the same job satisfaction level to ensure that the employee is loyal to the organization (Moeed, 2013). Locke and Henne (1986) defined job satisfaction as the pleasing emotional state of the mind. Parvin (2011) describes job satisfaction as being self driven by the individual since most of them choose their careers unlike the olden days where individuals were given a direction on their career by their parents. Factors that normally lead to job satisfaction
normally includes, good payments and benefits, fairness in promotions and good quality on leadership. According to Abassi and Hollman (2000) individuals with good levels of job satisfaction normally have higher performance levels as compared to employees with low levels of job satisfaction. The satisfied workers will tend to stay in the organization longer as compared to the less satisfied employees. Luthans (1998) in his study found out that well remunerated employees get more satisfied at work hence don’t leave employment. He argued that the remunerated employees are in a position to attain basic needs making them satisfied hence increase productivity and profitability of the firm. Dessler (2001) argues that employees get more satisfied when they know that their future expectations are going to be met. Employees with the expectation which are not normally have low job satisfaction. Low job satisfaction is brought in by various aspects including limited opportunities for career growth and advancements. Job dissatisfaction is normally widespread in various industries and management should strive towards curbing the vice (Beach, 1990). Satisfied employees in the organization are an important lot as they normally perform better and increases the profitability and productivity of the employees and in the long run avoid labour turnover.

2.3.5 Employee Turnover

The rate of employee turnover is described by the rate of employees leaving their current jobs. A high rate of labour turnover is characterized by a high number of employees leaving employment while a low level of labour turnover is characterized by low number of employees leaving employment. The individual turnover is costly affair for any business since they have to undergo a cost of procuring another employee, go through the cost and time of training the new employees hence labour turnover should be avoided as much as possible in the organization.
The number of workers who leave the firm during a specified period (usually one year) turnover is an expensive proposition for any organization. A firm’s turnover rate is also a measure of the effectiveness of the human resource department’s policies and programs to retain employees. There are many reasons for turnover. Some turnover results simply through attrition. There is a natural movement of workers into and out of organisations. Employees retire or die. They are laid off during the valleys of the business cycle (such as retail sales clerks after the Christmas season) or during unexpected economic downturns.

Turnover can also be voluntary or involuntary. For example, if an employee is terminated, the turnover is involuntary because the employee did not leave of his own accord. But if an employee decides to leave because she gets a better offer from a competitor, the turnover is voluntary. The rate of turnover can provide a good insight into the climate of an organization. Higher turnover rates may be associated with lower work force morale and poor management skills. If this is indeed what is happening and word spreads throughout the industry, the organization will find it increasingly difficult to attract skilled workers. To avoid this situation, corporate management must determine what an acceptable rate of turnover is for their company and what they can do to stop employees from leaving. The first step is to understand why the work force is dissatisfied. Some of the more common reasons employees cite for deciding to leave their employer include a lack of growth opportunities, poor management, high stress level, better pay in another organization, better growth opportunities in another organization, and a desire to relocate to a new area.

Turnover starts an avalanche of cost, both direct and indirect. Some of the direct costs, associated with replacing the employee and training the new hire may include; communicating the vacant
position, administering the recruitment function, screening the applicants, interviewing the candidates, administering selection tools, meeting the candidate, conducting background investigations, giving drug tests, preparing new employee training materials, conducting training sessions and giving on the job training.

There are also cost associated with separating the former employees from the firm such as; administering paper work, conducting exit interviews and paying severance pay. Turnover also brings with indirect costs. For example, if the employees who are leaving are well liked by the firm’s clients, customer loyalty may be affected. As new employee learn their jobs, the quality of the products and services they provide may also suffer.
2.4 Conceptual Framework

The independent variables include remuneration policy, working environment, development policy and motivation policy in relation to dependent variable employee turnover.

![Conceptual Framework Diagram]

Author, (2017)

Figure 2.1; Conceptual framework
CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.0 Introduction

This chapter discusses how the research methodology is employed in the study. It indicates the research design, the workers research instrument, sampling techniques and data analysis techniques.

3.1 Research Design

This research is ideal for this study since the data collected was in numbers and opinions derived from the questionnaire.

3.2 Target Workers

It is composed of the following:

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<thead>
<tr>
<th>CATEGORY</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Departmental Heads</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>Section Heads</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>Support Unit</td>
<td>130</td>
<td>92</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>147</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Author, (2017)

Table 3.1: Target Workers
3. Sampling Techniques

Sampling was done using purposive sampling technique and stratified and random sampling deriving to the following;

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Departmental Heads</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Section Heads</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Support Unit</td>
<td>39</td>
<td>92</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>43</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Author (2017)

Table 3.2: Sample Size

3.4 Data Collection Methods

3.4.1 Questionnaire Survey

The study used a questionnaire which had closed and open ended questions

3.4.2 Interview

The researcher used an interview schedule to collect data
3.5 Quality of Research Instrument

According to (Mugenda and Mugenda) validity is the accuracy and meaningfulness of interferences which is based on the research results. It is a degree to which results obtained from the analysis of the date actually represents the phenomenon under study. The questionnaires will be subjected to scrutiny by researchers’ supervisor and other researcher expert for validation purposes.

Reliability of research instrument in research and pilot testing reliability refers to the consistency measure the characteristics of interest overtime (Ahmed et al, 1994). According to Mugenda and Mugenda (2003), noted that reliability is a measure of the degree to which a research instrument, yields consistent result or data after repeated trials in research. To ensure reliability of the instrument, a pilot study will be carried out. The instrument will be pre-tested through a pilot study before the actual data collection to enhance reliability. The benefit of pre-testing questionnaire according to Creswel (1999) is to help the researcher understand the meaning of the questions to respondents and how they arrive to their respondence. The researcher carried out a pilot testing on ten employees which were left out during the main study. Test re-test method was applied where the questionnaires was administered to the same respondent twice in the span of two weeks in the head quarters of Bimas offices. The responses were matched and the instrument seen.

3.5 Data Analysis

Using interview and questionnaire was analysed by the use of computer and software programs (SPSS), edited and coded. Then data was grouped into tables, figures and graphs to analysis,
summarized and recommended. The researcher also presented his work in all variances in order to give accurate data.

3.6 Ethical Consideration

The researcher observed privacy and confidentiality of the data given by the respondents.
CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

4.0 Introduction

The chapter presents the findings of the study from the research questions investigated, further analysis and interpretation of the findings. The data was collected through questionnaire and interviews. The researcher used tables and figured derived from the research study.

4.1 Age of the Workers

The observer wanted to understand respondents and come up with a table showing the age of the respondents.

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 – 25 years</td>
<td>10</td>
<td>12.1</td>
</tr>
<tr>
<td>30 – 35 years</td>
<td>18</td>
<td>60.6</td>
</tr>
<tr>
<td>40 – 45 years</td>
<td>12</td>
<td>18.2</td>
</tr>
<tr>
<td>50 years and above</td>
<td>3</td>
<td>9.1</td>
</tr>
<tr>
<td>Total</td>
<td>43</td>
<td>100</td>
</tr>
</tbody>
</table>

Author, (2017)
Table 4.1 Age of the respondents

The table 4.1 indicates that 12.1% of the respondents are between 20 to 25 years of age which shows that a few staff lack enough experience in BIMAS Ltd. 60.6 % of the staff are age between 30 to 35 years which indicates that the majority of the staff have great experience and also energetic .18.2 % of the respondents those who have less experience can learn from them through quality cycle in a organization. 9.1 % of the staff are at old age which is 50 years and above.

![Age of respondents](image)

Figure 4.1; Age of the respondents
4.2 Skills and knowledge of respondents

The researcher wanted to find out the education level of each respondent and came up with a table that show their level of education.

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>3</td>
<td>9.1</td>
</tr>
<tr>
<td>Secondary</td>
<td>8</td>
<td>12</td>
</tr>
<tr>
<td>Diploma</td>
<td>22</td>
<td>60.6</td>
</tr>
<tr>
<td>Degree</td>
<td>10</td>
<td>18.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>43</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Author, (2017)

**Table 4.2 ; Skills and Knowlegde of Respondents**

From the table 4.2, 9.1% have primary education, 12.1% secondary education, 60.6% diploma and 18.2% degree level. This indicates that only 18.2 % of the staff complete their first degree.
Figure 4.2; Education level of respondents

4.3 Effects of Remuneration on Employees’ Turnover

The research wanted to establish the effect of remuneration on employees’ turnover.

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>31</td>
<td>72</td>
</tr>
<tr>
<td>No</td>
<td>12</td>
<td>28</td>
</tr>
<tr>
<td>Total</td>
<td>43</td>
<td>100</td>
</tr>
</tbody>
</table>

Author (2017)

Table 4.3: Remuneration affects employees’ turnover
Figure 4.3: Remuneration affects employees’ turnover

The study sought to establish whether remuneration influences employee turnover in BIMAS Ltd, from the research findings, majority of the respondents as shown by 72% agreed that remuneration influences employee turnover in BIMAS Ltd of companies whereas 28% of the respondents were of contrary opinion. This implies that remuneration influenced employee turnover in BIMAS Ltd. The study revealed those employees who were dissatisfied with their salaries were more likely to move to other organization in search for a place where they could get better salaries. An effective remuneration program can help shape performance and improve job satisfaction (Armstrong, 2009).
<table>
<thead>
<tr>
<th>Extent</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very great extent</td>
<td>25</td>
<td>58</td>
</tr>
<tr>
<td>great extent</td>
<td>8</td>
<td>18</td>
</tr>
<tr>
<td>Moderate extent</td>
<td>7</td>
<td>16</td>
</tr>
<tr>
<td>Little extent</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>43</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Author, (2017)

**Table 4.4: Extent to which remuneration affects employees’ turnover in Bimas Ltd**

**Figure 4.4: Extent to which remuneration affects employees’ turnover in Bimas Ltd**
This is to determine the extent to which remuneration influenced employee turnover. From the research findings 58% of the workers given a great extent, 18% of the workers included to a very great level, and 16% of the workers involved to a certain level whereas 8% of the workers included to a little level.

This implies that remuneration influences employee turnover in Bimas Ltd. to a great extent. (Carracher, Klein and Francis, 2004).

4.5 Impacts of Working Conditions on Labour Turnover

The researcher wanted to establish the impacts of working conditions on labour turnover.

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>35</td>
<td>82</td>
</tr>
<tr>
<td>No</td>
<td>8</td>
<td>18</td>
</tr>
<tr>
<td>Total</td>
<td>43</td>
<td>100</td>
</tr>
</tbody>
</table>

Author,(2017)

Table 4.5: Working conditions affects employees’ turnover
Figure 4.5: Working conditions effects employees’ turnover

This is to establish whether working conditions influences employee turnover in BIMAS Ltd, from the research findings, majority of the respondents as shown by 82% agreed that working conditions influences employee turnover in BIMAS Ltd of companies whereas 18% of the respondents were of contrary opinion. This implies that working conditions influenced employee turnover in BIMAS Ltd.
<table>
<thead>
<tr>
<th>Extent</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very great extent</td>
<td>28</td>
<td>65</td>
</tr>
<tr>
<td>Great extent</td>
<td>9</td>
<td>20</td>
</tr>
<tr>
<td>Moderate extent</td>
<td>5</td>
<td>11</td>
</tr>
<tr>
<td>Little extent</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>43</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Author, (2017)

Table 4.6: Extent to which working conditions affects employees’ turnover in Bimas Ltd

Figure 4.6: Extent to which working conditions affects employees’ turnover in Bimas Ltd
The study sought to determine the extent to which working conditions influenced employee turnover. From the research findings 65% of the respondents indicated to a great extent, 20% of the respondents indicated to a very great extent, and 11% of the respondents indicated to a moderate extent whereas 4% of the respondents indicated to a little extent. This implies that working conditions influences employee turnover in Bimas Ltd. to a great extent.

4.7 Opportunity for Career Development

The research wanted to determine opportunity for career development.

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>38</td>
<td>84</td>
</tr>
<tr>
<td>No</td>
<td>5</td>
<td>16</td>
</tr>
<tr>
<td>Total</td>
<td>43</td>
<td>100</td>
</tr>
</tbody>
</table>

Author, (2017)

Table 4.7: Opportunity for Career Development affects employees’ turnover
**Figure 4.7: Opportunity for Career Development Affects Employees’ Turnover**

This is to establish whether job expansion influences employee turnover in BIMAS Ltd, from the research findings, majority of the respondents as shown by 84% agreed that career development influences employee turnover in BIMAS Ltd of companies whereas 16% of the respondents were of contrary opinion.

**4.8 Effects of Employee Motivation on Labour Turnover**

The effects of employee motivation on labour turnover the opinions were as prescribed;
Table 4.8: Employee Motivation Affects Labour Turnover

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>38</td>
<td>84%</td>
</tr>
<tr>
<td>No</td>
<td>5</td>
<td>16%</td>
</tr>
<tr>
<td>Total</td>
<td>43</td>
<td>100%</td>
</tr>
</tbody>
</table>

Author, (2017)

Figure 4.8: Employee motivation affects labour turnover
The study sought to establish whether employee motivation influences employee turnover in BIMAS Ltd, from the research findings, majority of the respondents as shown by 84% agreed that employee motivation influences employee turnover in BIMAS Ltd of companies whereas 16% of the respondents were of contrary opinion.
CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

It presents what the researcher had intended to find out how remuneration affects employees’ turnover in Bimas Ltd, to determine the extent to which reward and recognition affect turnover in Bimas Ltd, to establish the extent to which opportunities for career progression affect employees’ turnover in Bimas Ltd to examine how working conditions influences employee turnover in Bimas Ltd

5.2 Summary of Findings

5.2.1 Effects of Remuneration on Employees’ Turnover

The study established that remuneration influences employee turnover in Bimas Ltd. Employee benefits and compensation packages plays a strategic role in enhancing organizational performance and profitability as in addition to retaining valued employees and other desirable behaviours, an effective remuneration program can help shape performance and improve job satisfaction. Employers should deal with competition in comparison to what they gain.

5.2.2 Working Environment

Enhancing a good working environment in order to motivate the workers to increase on their performance this leads to expansion in production sector. An employee feels appreciated when
working in a good environment, the same case applies to the employers they feel so confident and put high hopes for better growing of their firms.

### 5.2.3 Opportunities for Career Development

The study revealed that opportunities for career progression influences employee turnover in Bimas Ltd to a great extent. Training typically involves providing employees the knowledge and skills needed to do a particular task or job as well as attempting to change employees’ attitudes. The study revealed that different types of training can be employed to create and reinforcing high work processes involvement. Formal training programmes should be used as effectively. The study further established that career progression helps builds employee loyalty while loyalty increases productivity. Employees should be supported in pursuing career progression programs within and outside the organization.

### 5.2.4 Working Conditions

The research revealed that working conditions influences employee turnover in Bimas Ltd to a great extent. They are the set rules and regulations, each worker has got conditions to meet be it in terms of skills, knowledge, power, appearance and communication. For an employee to work effectively he or she should meet all these working conditions. It further established that the environment in which an employee works should be considered safe, and abide by health and safety standards. The employers should put on condition which are favouring his or her employees as far as performance is considered too.
5.3 Conclusion

It is established that the employees put on their great efforts towards their duties to expand the organization due to good working conditions which favour them, motivation from their employers which has made the organization to compete well, this behaviours thus the study concludes that better remuneration packed discouraged employees’ turnover in Bimas Ltd and on the same case the study concludes that the reward and recognition discouraged employee turnover in Bimas Ltd. Also the study concludes that failure by management to provide opportunities for career progression opportunities encouraged employees’ turnover in Bimas Ltd and finally it concludes that poor working conditions encourages employee turnover in Bimas Ltd.

5.4 Recommendations

In order to reduce employee turnover in Bimas Ltd, the study recommends that; the top management should change all its operating systems. This will help to build employee loyalty and trust with the organization thus reducing employee turnover. The management should keep employee compensation and benefits aligned with current economic status. The management should recognize excellent the best performing employees. This helps to build a sense of employee attachment to the organization thus reducing employee turnover. The management should ensure work life balance among employees by encouraging and giving employees’ chances to prove their consideration and appreciation and this will make employees feel more like at home thus will be less likely to resign. The study also recommends that the management should consider improving works environment like provision of safe
working conditions, provision of flexible working schedule. Provision of flexible working schedule will help to create balanced work life balance hence eliminating stress.

5.5 Further Studies

This is to determine what affecting employee’s turnover in the Micro finance institutions for instance we focus at Bimas Ltd. Further research should be done in depth on the effects of employee turnover on organization performance.
REFERENCES


Clarence & Alex Stephens (2004). Employee Retention, Labour Turnover and Knowledge and
Transfer; Canadian Labour and Business; pg 21


Parvin, M M.(2011). Factors affecting Employee Job satisfaction of pharmaceutical Sector :

: Journal of Business and management research


Dear respondents

I would be glad if you kindly provide information in the following questionnaires. The information is important in helping me in data collection for the purpose of a research project which is a requirement for my course.

The main reason for the research is to access issues influencing employee turnover in the Bimas Kenya Ltd. I am thankful in case you co-operate with me.

With a lot of thanks

Yours faithfully

Juster Njoki
QUESTIONNAIRE

Answer the question by ticking where appropriate and your specific answers in the space provided.

Section A : Personal Information

1. Gender
   a) Female
   b) Male

2. Employment category
   a) Managers
   b) Credit officers
   c) Driver
   d) Subordinate staff

3. Age
   a) 25-35 years
   b) 35-45 years
   c) 45-55 years
   d) 55 and above
4. Level of education
   a) Primary level
   b) Secondary level
   c) Collage level
   d) University level

5. Length of service in an organization
   a) 5 years and below
   b) 5-10 years
   c) 10-20 years
   d) Above 20 years

Section B: Career Development

6. Does opportunities for career progression affect employees’ turnover in Bimas Ltd?
   Yes [ ]
   No [ ]

If yes on 6 above, please explain……………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………

7. To what extent does opportunities for career progression affect employees’ turnover in Bimas Ltd?
8. What level does your organization offer training and development?

a) Very high extent
b) High extent
c) Low extent
d) Very low extent

If high extent, indicate how?

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

8. Do you think effective training and development could satisfy the employee?

a) Yes
b) No
c) Not sure

If yes, explain how?

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
Section C: Working conditions

9. In your own opinion, does working environment affects labour turnover?
   a) Yes
   b) no
   c) No not sure

   If yes, state why?
   __________________________________________________________
   __________________________________________________________
   __________________________________________________________

10. To what extent does, your organizations ensure there is safety in the workplace?
   a) Very high extent
   b) High extent
   c) Low extent
   d) Very low extent

   __________________________________________________________
   __________________________________________________________
   __________________________________________________________
Section D: Employee Motivation

11. Does employee motivation affect employee turnover in Bimas Ltd?
   Yes [ ]
   No [ ]
   If yes, please explain……………………………………………………………………
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………

12. To what extent does employee motivation affect employee turnover in Bimas Ltd?
   Very great extent [ ]
   Great extent [ ]
   Moderate extent [ ]
   Little extent [ ]
   No extent [ ]
Section E: Remuneration Policy

13. Does remuneration affects employees’ turnover in Bimas Ltd?

   Yes [ ]

   No [ ]

If yes on 14 above, please explain………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………

14. To what extent does remuneration affects employees’ turnover in Bimas Ltd?

   Excellent extent [ ]

   Good extent [ ]

   Fair extent [ ]

   Poor extent [ ]

   No extent [ ]

15. Do you think the remuneration policy in your organization is fair to all employees?

   a) Yes ☐

   b) No ☐

   c) Not sure ☐

16. Based on individual’s opinion do you think good a remuneration package is the key step to avoid employee turnover?

   a) Yes ☐
b) No

If yes, explain how?

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________